

# BROADBAND EVERYWHERE

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## AT&T Michigan's Greatest Hits More Flip-Flops than a House of Pancakes

*Broadband Everywhere today released the following selection of AT&T's greatest contradictions, flip-flops and distorted facts from the Wednesday, June 7, 2006, Michigan House of Representatives Committee on Energy and Technology hearing on HB 5895.*

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### AT&T Michigan Says There Will Be a Price War.

"Question: Do you anticipate a price war?"

Answer: "Yeah uh I mean that's marketing and a business unit decision but I, certainly yes." [Jim Murray, AT&T, Michigan House of Representatives Committee Energy and Technology, 6/7/06]

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### But, CEO Whitacre Said There Would Be No Price War.

Question: "[I]sn't a price war inevitable? And won't declining prices just continue to pressure your business case for Lightspeed over time? And then with the cable companies offering discounts, same question, how do you avoid the price war?"

Whitacre Response: "...[N]o, I don't think there's going to be a price war. I think it's going to be a war of value and of services, and, I don't think, we're not going to chase that down, or certainly don't have any plans to do that." [Sanford C. Bernstein & Co. Conference, 5/31/06, available: [http://www.sbc.com/gen/landing-pages?pid=5718&DCMP=att\\_investor.relations](http://www.sbc.com/gen/landing-pages?pid=5718&DCMP=att_investor.relations)]

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### AT&T Michigan Concedes There is No Monopoly in Video.

"Will we be that successful as the 5th competitor coming into the marketplace? I certainly hope so..." [Craig Anderson, AT&T, Michigan House of Representatives Committee Energy and Technology, 6/7/06]

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### But AT&T Tells a Different Tune Elsewhere.

"We're going to change the game for consumers who are trapped." [AT&T CEO Ed Whitacre, quoted in the *Atlanta Journal-Constitution*, "Bold moves on horizon," 3/22/06]

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### In Michigan, AT&T Claims "High Value"

Customers (Those Its Executives Have Said They Would Not Discriminate Against) Spend \$100. "Mr. Chairman let me add also that, I think specifically in the context of that statement was referred to as a high value customer being somebody who spends more than \$100 a month on the combined entertainment and telephone services that we're talking about. You think about it today your cable bill, your internet access service and your telephone bill; I think probably everybody in this room comes close to getting over \$100 basic cable, basic internet access and the telephone service ends up being well over \$100 for

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### But AT&T Told Wall Street That "High Value" Customers are Really Those Who Spend \$160-\$200.

"...[I]n terms of economics, we've classified about 1/4 of our subscribers as high value. This is based primarily on average monthly spend for both SBC and other provider communications and entertainment services. This gets us to a range of about \$160 to \$200 a month for this high-value customer segment." [SBC, "Conference Call to Discuss Project Lightspeed - Final," 11/11/04.]

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most people today. It's basically somebody who spends money and those types of services." [Craig Anderson, AT&T, Michigan House of Representatives Committee Energy and Technology, 6/7/06]

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**AT&T Michigan Claims "Low Value" Customers Spend \$20.** "I think in the quote you were referring to the high value customer, the low value customer is somebody who spends under \$20 a month on their telephone combined telephone entertainment it's basically somebody who's not buying cable today." [Craig Anderson, AT&T, Michigan House of Representatives Committee Energy and Technology, 6/7/06]

**But AT&T Told Wall Street "Low Value" Customers Spend \$110 or Less.** "The next 40% of customers are classified as medium-value customers. They spend approximately \$110 to \$160. And together, these 2 segments represent 75% of the total customer spend. So, knowing these are the customers we want to reach, we've created a very efficient network build using both FTTN and FTTP to reach nearly 90% of our high-value customers and 70% of our medium-value consumers in a very time-efficient manner." [SBC, "Conference Call to Discuss Project Lightspeed – Final," 11/11/04.]

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